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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000818

SIPDIS

E.O. 12958: DECL: 06/11/2018
TAGS: PREL PGOV MARR CH US TW

SUBJECT: KMT CHAIRMAN WU POH-HSIUNG ON BEIJING VISIT, U.S.
ARMS SALES, PARTY-GOVERNMENT-LEGISLATIVE RELATIONS

Classified By: AIT Acting Director Robert S. Wang,
Reason(s): 1.4 (B/D).

¶1. (C) Summary: KMT Chairman Wu Poh-hsiung told A/DIR Wang on June 11 that the current cross-Straight atmosphere is returning the "China fever" Taiwan experienced ten years ago. In his private meeting with PRC President Hu Jintao on May 28, Wu said he had stressed the importance of "security, international space, and dignity" for the people of Taiwan, adding that he had made the case for calling a "truce" in competition for diplomatic allies. Wu pointed out that diplomatic setbacks could turn public opinion against Beijing and lead to a resurgence in support for Taiwan independence. According to Wu, Hu had described the pressures he had been under from the Foreign Ministry and PLA to be tough on Taiwan, especially before the presidential election, and even now. Wu stressed the importance of U.S. support for Taiwan, including international space and defense. In his opinion, congressional notifications of arms sales to Taiwan will not derail the cross-Straight dialogue, and objections by Beijing will be a formality. Despite some early friction, he said, the Ma administration and KMT legislative caucus are gradually learning to work with each other. End Summary.

¶2. (C) The Acting Director and KMT Chairman Wu Poh-hsiung discussed cross-Straight developments, U.S.-Taiwan relations, and domestic Taiwan politics in a meeting at KMT headquarters on June 11. KMT political adviser Steve Chen also attended the meeting. Wu observed that the atmosphere in cross-Straight relations is returning to the "China fever" that was prevalent in Taiwan ten years ago. This follows eight years of moving backwards under the DPP government. Wu suggested the U.S. and Japan should be pleased with the reduction in tensions. Even supporters of Taiwan independence do not want war, he added, so the DPP cannot go too far on issues like promoting a new constitution.

Wu's Private Meeting With PRC President Hu

¶3. (C) Wu noted that in his private meeting with PRC President Hu Jintao in Beijing on May 28, he had stressed the importance to the Taiwan people of "security, international space, and dignity." Wu said he had pointed out to Hu that China has 170-plus diplomatic allies, while Taiwan has only ¶23. Losing an ally is much more important to Taiwan than gaining one more ally is to Beijing. The loss of a diplomatic ally would increase public pressure on the Taiwan

government and increase support for Taiwan independence, Wu had explained. Hu had told Wu about the pressure he had been under from the Foreign Ministry and the PLA to be tough on Taiwan, especially before the presidential election, and even now with respect to Taiwan's international space question.

¶4. (C) Wu said he believed Taiwan will be able to make step-by-step progress on participation in international organizations, but he added that Beijing is not overly generous on this issue. The most possible breakthrough will be on WHO next year, Wu predicted. He also noted that Taiwan has received a great deal of favorable publicity in China for its assistance in response to the recent Sichuan earthquake. The Chinese people have changed their view of Taiwan, and this has reduced popular pressure to attack Taiwan. Wu added that the use by both sides of the term "Chinese nation (zhonghua minzu)" has also contributed to the good cross-Straight atmosphere.

¶5. (C) Touching briefly on Straits Exchange Foundation (SEF) Chairman P.K. Chiang's June 11-14 visit to Beijing, Wu said that President Hu had assured him that Beijing would sign the agreement on weekend passenger charter flights and mainland tourists this coming Friday. Wu also indicated that Chiang would extend an invitation to Association for Relations Across the Taiwan Strait (ARATS) Chairman Chen Yunlin to visit Taiwan. Chen's visit would pose a number of problems, noted Wu: Would Ma meet with him, and if so, in what capacity? Ma's only current title is president, though (Wu joked) he could also be called "former Chairman" of the KMT. The DPP would undoubtedly protest if Ma meets Chen as "Mr."

TAIPEI 00000818 002 OF 002

rather than "President" Ma. Security, for example, against egg throwers, is also an issue. On his own future travel to the PRC, Wu told A/DIR that he will be attending the Olympics in Beijing, including the opening ceremony.

Don't Worry: U.S. Arms Sales Won't Derail Dialogue

¶6. (C) Cross-Straight relations are improving dramatically following the KMT's return to power, Wu noted, but continued progress will depend on strong U.S. support for Taiwan, including support for Taiwan's international space and close U.S.-Taiwan cooperation on defense matters. President Ma and the KMT are committed to funding Taiwan's defense at 3 percent of GDP, he noted, adding that to do otherwise while trying to get closer to Beijing would be "suicidal." Noting that some in Washington have expressed concern that U.S. weapons sales to Taiwan could adversely affect the budding cross-Straight rapprochement, A/DIR asked Wu what he thought about the timing of congressional notifications. While noting that NSC Secretary-General Su Chi would be the one to answer that question, Wu said he did not believe congressional notification of well-known, long pending defensive arms sales would have a negative effect on the cross-Straight atmosphere. PRC objections would be just a formality, he predicted. Nonetheless, Steve Chen added, it might be better to wait until after the August Olympics if feasible. Wu suggested that Beijing would like to have advance notice of key events such as arms sales and he said the KMT could perform such a role.

Ma, KMT Learning To Work Together

¶7. (C) Wu acknowledged that relations between the Ma administration and the KMT legislative caucus have encountered some difficulties, and both sides are going through an adjustment period. Wu noted that Ma recently established a five-member group to facilitate communications between the Presidential Office, Cabinet, and KMT party leadership. (Note: Ma chairs the group, which also includes VP Vincent Siew, Premier Liu Chao-shiuan, Legislative Speaker Wang Jin-pyng, and Wu). The group meets once a week, Wu

continued, and, although there is no agenda, it has been helpful in ironing out differences between the government, LY caucus, and party. Wu took credit for the improvement of party unity before and after the recent legislative and presidential elections. To counter those KMT legislators who are disgruntled that Ma has ignored them after winning the presidency, Wu said he has reminded them of the debt they owe to Ma for campaigning on their behalf in the legislative elections.

WANG